Capital Funding Strategies
Current Capital Funding Strategies

Debt
- Spreads costs over multiple years
- Projects ultimately cost more (interest)
- Requires analysis of debt capacity and affordability

Cash
- Uses available cash to pay for project(s)
- Inconsistent funding over recent years
- Current Fund Balance Policy

FY22
- $16.6M transfer for capital

FY23
- $1.8M transfer for capital

FY24
- $0 transfer for capital

3/25/2024
Capital Funding Drivers

- Aging infrastructure
- Master Facilities Plans & Feasibility Studies
- Operating Focus vs. Capital Investment
Capital Funding Sustainability

• Incorporate Countywide Master Planning/Assessments into Long-Term Financial Planning

• Funding needs based on 7-Year Capital Improvement Plan

• Establish a Debt Service Fund for the County – FY2025

• Establish capital funding target of 70% Debt/30% Pay-Go

• Adopt capital reserves language in the Capital Improvement Policy

• Accumulate reserves for a minimum of 3 years
Capital Improvement Policy Change

- Annual transfer from the General Fund for capital
- Establish a baseline transfer in Year 1 of 120% of General Fund debt service
- Future year transfers grow at a compounded growth rate ranging from 2% to Consumer Price Index (CPI)
  - Formula: General Fund debt service x (120% + Year Over Year Growth %)

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<tr>
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<th>FY2025</th>
<th>FY2026</th>
<th>FY2027</th>
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<tbody>
<tr>
<td>Fiscal Year</td>
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<tr>
<td>Annual Debt Service Obligation</td>
<td>$19.5M</td>
<td>$19.4M</td>
<td>$24.3M</td>
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<tr>
<td>Capital Reserve Portion of Transfer</td>
<td>$3.9M</td>
<td>$4.7M</td>
<td>$6.8M</td>
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<tr>
<td>Total Transfer</td>
<td>$23.4M</td>
<td>$24.1M</td>
<td>$31.1M</td>
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